

NERA

ECONOMIC CONSULTING

Chantale LaCasse

Senior Vice President

National Economic Research Associates, Inc.
1255 23rd Street NW, Suite 600
Washington, DC 20037
+1 202-466-3510 Fax +1 202-466-3605
Mobile : +1 919 699 1230
chantale.lacasse@nera.com
www.nera.com

DELIVERED BY EMAIL

March 19, 2014

Ray Strom
Public Utilities Commission of Ohio
Energy & Environment Department
Efficiency & Renewables Division

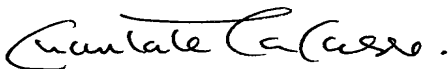
Re: Update to Redactions

Dear Mr. Strom:

Pursuant to the requirements of paragraph 10 of the February 26, 2014 Finding and Order of the Public Utilities Commission of Ohio ("PUCO" or "Commission"), please find attached to this letter a redacted version of the report from NERA Economic Consulting ("NERA"), the Auction Manager under AEP Ohio's Competitive Bidding Process ("CBP"). This report was submitted on February 25, 2014 following the conclusion of the auction to procure a load-following energy-only product for 10% of the energy requirements of AEP Ohio's Standard Service Offer ("SSO") customers.

Other than an update to the redactions pursuant to paragraph 10 of the Finding and Order cited above, the attached report is the same as the report sent to you on February 25, 2014.

Sincerely yours,



Chantale LaCasse,
Senior Vice President, NERA

cc:

Todd A. Snitchler, Chairman, Public Utilities Commission of Ohio
Lynn Slaby, Commissioner, Public Utilities Commission of Ohio
M. Beth Trombold, Commissioner, Public Utilities Commission of Ohio

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Steven D. Lesser, Commissioner, Public Utilities Commission of Ohio

Asim Z. Haque, Commissioner, Public Utilities Commission of Ohio

Katie Stenman, Public Utilities Commission of Ohio

Tammy Turkenton, Public Utilities Commission of Ohio

Greg Price, Public Utilities Commission of Ohio

Frank Mossburg, Boston Pacific Company

Peggy I. Simmons, AEP Ohio

Steven T. Nourse, AEP Ohio

Final Report of the Auction Manager

AEP Ohio CBP – February 2014 Auction

February 25, 2014

(Redacted Version)

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Table 1. Summary of SSO Auction Results

	Delivery Period April 1, 2014 to May 31, 2015
Number of Registered Bidders	11
Total initial eligibility of Registered Bidders (# of tranches)	
Total initial eligibility divided by tranche target	
Number of bidders that submitted bids in round 1	
Number of tranches bid in round 1	55
Number of tranches bid in round 1 divided by tranche target	5.5
Number of tranches to procure in auction (tranche target)	10
Number of tranches procured in auction	10
Number of rounds in the auction	11
Number of winning bidders	5
Starting price range (\$/MWh)	50.00 - 65.00
Starting price (\$/MWh)	
Clearing price (\$/MWh)	42.78

Table 2. Winning Bidders, Tranches Won, and Clearing Price

	Delivery Period April 1, 2014 to May 31, 2015
Clearing Price (\$/MWh)	42.78
Winning Bidder	Tranches Won
AEP Energy Partners, Inc.	2
Buckeye Power, Inc.	1
Duke Energy Commercial Asset Management, Inc.	1
Exelon Generation Company, LLC	4
FirstEnergy Solutions Corp.	2
Total	10

Table 3. Auction Manager's Assessment of the Conduct of the Auction

#	Question	Answer
1	Were the competitive bidding rules violated?	No.
2	Does the Auction Manager believe the auction was open, fair, transparent, and competitive?	Yes.
3	Did bidders have sufficient information to prepare for the auction?	Yes. Bidders received information from the competitive bidding process documents, the CBP Website, FAQs posted to the CBP Website, and a bidder webcast.
4	Was the information generally provided to bidders in accordance with the published timetable? Was the timetable updated appropriately as needed?	Yes. No updates to the timetable were needed.
5	Were there any issues and questions left unresolved prior to the auction that created material uncertainty for bidders?	We do not believe that there were any unresolved issues or questions that created material uncertainty for bidders.
6	Were there any procedural problems or errors with the auction, including the electronic bidding process, the backup bidding process, and communications between bidders and the Auction Manager?	No.
7	Were protocols for communication between bidders and the Auction Manager adhered to?	Yes.

#	Question	Answer
8	Were there any hardware or software problems or errors, either with the auction system or with its associated communications systems?	Bidders were disconnected from the auction system when the Auction Manager called a time out at the end of the auction. Bidders were able to reconnect after a few minutes. Technical assistants called bidders to let them know when the auction system was again available.
9	Were there any unanticipated delays during the auction?	No. However, there was a short delay after the auction had finished and before results were available to bidders. Bidders were disconnected from the auction system after the Auction Manager called a time out. Bidders were able to reconnect after a few minutes.
10	Did unanticipated delays appear to adversely affect bidding in the auction?	No.
11	Were appropriate data backup procedures planned and carried out?	Yes. The database was saved in two locations each round.
12	Were any security breaches observed with the auction process?	No. No security breaches were observed.
13	Were protocols for communications followed by AEP Ohio, the Auction Manager, the PUCO, and the PUCO's consultant during the auction?	Yes.
14	Were the protocols followed for decisions regarding changes in auction parameters (e.g., volume adjustments and price decrements)?	Yes. There were no volume adjustments and the price decrements followed the formulas provided to bidders.

#	Question	Answer
15	Were the calculations (e.g., for price decrements or bidder eligibility) produced by the auction software double-checked or reproduced off-line by the Auction Manager?	Yes.
16	Was there evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the auction?	No. There was no such evidence.
17	Were the communications between the Auction Manager and bidders timely and effective?	Yes. The Auction Manager provided information on the schedule and provided reminders through the messaging function of the auction system.
18	Was there evidence that bidders felt unduly rushed during the process?	No.
19	Was there any evidence of collusion or improper coordination among bidders?	No.
20	Was there any evidence of anti-competitive behavior in the auction?	No.
21	Was information made public appropriately? Was confidential and sensitive information treated appropriately?	Yes.
22	Were there factors exogenous to the auction (e.g., changes in market environment) that materially affected the auction in unanticipated ways?	No, not that we are aware of.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

3/19/2014 12:12:44 PM

in

Case No(s). 14-0300-EL-UNC

Summary: Report - Final Report of Auction Manager, AEP Ohio CBP - February 2014 Auction
- Updated Redacted Version electronically filed by Raymond W. Strom on behalf of PUCO
Staff